

HCP, INC.  
Form 8-K  
December 20, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the**  
**Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **December 20, 2010**

**HCP, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Maryland**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**1-08895**  
(Commission File Number)

**33-0091377**  
(I.R.S. Employer Identification  
No.)

**3760 Kilroy Airport Way, Suite 300**  
**Long Beach, California**  
(Address of Principal Executive Offices)

**90806**  
(Zip Code)

**(562) 733-5100**

(Registrant's Telephone Number, Including Area Code)

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**Not applicable**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 240.425)
  
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 7.01. Regulation FD Disclosure**

HCP, Inc. (the Company) hereby updates its full year 2010 guidance as follows for funds from operations ( FFO ) applicable to common shares (diluted) and net income applicable to common shares (diluted) to reflect the impact of fourth quarter activities related to its pending acquisition of HCR ManorCare's real estate assets for a purchase price of \$6.1 billion. These merger-related activities in the aggregate are expected to result in a negative impact of \$0.03 per share, which include: (i) \$0.02 per share related to estimated acquisition pursuit costs of approximately \$6 million, consisting primarily of professional fees; and (ii) \$0.01 per share as a result of the Company's \$1.472 billion, or 46 million shares, common stock offering completed on December 20, 2010, which issuance will increase the Company's weighted average outstanding shares by 1.5 million for 2010. Proceeds from such offering will be used principally to fund a portion of the cash consideration of our pending acquisition of HCR ManorCare's real estate assets that is expected to close in the first quarter of 2011.

Guidance Range for 2010

|   | <b>Low</b> | <b>High</b> |
|---|------------|-------------|
| <b>Diluted earnings per common share</b>  | \$ 0.92    | \$ 0.98     |
| Gain on sales of real estate  | (0.06)     | (0.06)      |
| Real estate depreciation and amortization   | 1.03       | 1.03        |
| Joint venture adjustments   | 0.06       | 0.06        |
| <b>Diluted FFO per common share</b>   | 1.95       | 2.01        |
| Impairments, net of recoveries  | 0.19       | 0.19        |
| Merger-related activities   | 0.03       | 0.03        |
| <b>Diluted FFO per common share before giving effect to impairments, recoveries and merger-related activities</b> | \$ 2.17    | \$ 2.23     |

By definition, FFO does not include real estate-related depreciation and amortization or gains and losses associated with real estate disposition activities, but does include impairments and recoveries. There can be no assurance that the Company's actual results will not differ materially from the estimates set forth above. The aforementioned ranges represent management's best estimate of results based upon the underlying assumptions as of the date of this Current Report on Form 8-K.

The Company believes FFO applicable to common shares, diluted FFO applicable to common shares and FFO, before the impact of impairments, recoveries and merger-related activities are important supplemental measures of operating performance for a real estate investment trust. Because the historical cost accounting convention used for real estate assets utilizes straight-line depreciation (except on land), such accounting presentation implies that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen and fallen with market conditions, presentations of operating results for a real estate investment trust that uses historical cost accounting for depreciation could be less informative. The term FFO was designed by the real estate investment trust industry to address this issue.

FFO is defined as net income applicable to common shares (computed in accordance with U.S. generally accepted accounting principles, or GAAP), excluding gains or losses from real estate dispositions, plus real estate depreciation and amortization, with adjustments for joint ventures. Adjustments for joint ventures are calculated to reflect FFO on the same basis. FFO does not represent cash generated from operating activities in accordance with GAAP, is not necessarily indicative of cash available to fund cash needs and should not be considered an alternative to net income. The Company's computation of FFO may not be comparable to FFO reported by other real estate investment trusts that do not define the term in accordance with the current National Association of Real Estate Investment Trusts ( NAREIT ) definition or that have a different interpretation of the current NAREIT definition from the Company.



In addition, the Company presents FFO, before the impact of impairments, recoveries and merger-related activities. Management believes FFO, before the impact of impairments, recoveries and merger-related activities is useful to both the Company and its investors. This measure is a modification of the NAREIT definition of FFO and should not be used as an alternative to net income.

The information in this Current Report on Form 8-K shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities of that section and shall not be incorporated by reference into any filing of HCP under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in any such filing.

#### **FORWARD-LOOKING STATEMENTS**

**Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:** The statements contained in this item which are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements include among other things, net income applicable to common shares on a diluted basis, FFO applicable to common shares on a diluted basis, FFO applicable to common shares on a diluted basis before giving effect to impairments, recoveries, and merger-related activities, and gain on sales of real estate, real estate depreciation and amortization, and joint venture adjustments for the full year of 2010. These statements are made as of the date hereof and are subject to known and unknown risks, uncertainties, assumptions and other factors many of which are out of the Company's control and difficult to forecast that could cause actual results to differ materially from those set forth in or implied by forward-looking statements. These risks and uncertainties include but are not limited to: the satisfaction of the conditions to the closing of the acquisition; the ability of HCP to obtain financing necessary to consummate the acquisition or on acceptable terms, including the satisfaction of conditions necessary for a draw on the bridge loan; national and local economic conditions; continued volatility in the capital markets, including changes in interest rates and the availability and cost of capital, which changes and volatility affect opportunities for profitable investment; the Company's ability to access external sources of capital when desired and on reasonable terms; the Company's ability to manage its indebtedness levels; changes in the terms of the Company's indebtedness; the Company's ability to maintain its credit ratings; the potential impact of existing and future litigation matters, including the possibility of larger than expected litigation costs and related developments; the Company's ability to sell its investments when desired and on profitable terms; competition for lessees and mortgagors (including new leases and mortgages and the renewal or rollover of existing leases); the Company's ability to reposition its properties on the same or better terms if existing leases are not renewed or the Company exercises its right to replace an existing operator or tenant upon default; the further restructuring of the loan with Cirrus; continuing reimbursement uncertainty in the skilled nursing segment; competition in the senior housing segment specifically and in the healthcare industry in general; the ability of the Company's operators and tenants to maintain or increase occupancy levels at, and rental income from, the senior housing segment; the ability of the Company's lessees and mortgagors to maintain the financial strength and liquidity necessary to satisfy their respective obligations to the Company and other third parties; the bankruptcy, insolvency or financial deterioration of the Company's operators, lessees, borrowers or other obligors; changes in healthcare laws and regulations, including the impact of future or pending healthcare reform, and other changes in the healthcare industry which affect the operations of the Company's lessees or obligors; the Company's ability to recruit and retain key management personnel; costs of compliance with regulations and environmental laws affecting the Company's properties; changes in tax laws and regulations; the Company's ability and willingness to maintain its qualification as a REIT; changes in rules governing financial reporting, including new accounting pronouncements; and other risks described from time to time in the Company's Securities and Exchange Commission filings. The Company assumes no, and hereby disclaims any, obligation to update any of the foregoing or any other forward-looking statements as a result of new information or new or future developments, except as otherwise required by law.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**HCP, INC.**  
*(Registrant)*

Date: December 20, 2010

By:

*/s/ Thomas M. Herzog*  
Thomas M. Herzog  
Executive Vice President  
Chief Financial Officer